

**Federal Policy Tools to Improve Food Access:**  
Examining the Impact of the Healthy Food Financing Initiative

By

Elizabeth Packer

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Approved by:



ADVISOR

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READER (optional)



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There are vigorous debates in the planning and public health fields about inequities in food access and the best way to remedy the ills associated with a poor diet. It is common now in policy circles and amongst political actors to discuss “food deserts,” physical areas where people live without proximate access to full-service grocery stores. These food deserts are most commonly found in low-income communities, where residents must shop at higher cost convenience stores and corner stores. Shopping at these types of stores, which typically do not stock fresh produce, is associated with unhealthy diets and increased incidence of obesity. As the Obama Administration made combatting obesity a priority, food deserts were seen as important targets of intervention. However, while policy makers have become increasingly interested in tackling the problem of food deserts, many open questions stand out concerning the best way to improve food access and eliminate food deserts. For example, in what ways does the built environment influence health outcomes? What are the most effective ways to incentivize and induce healthier eating choices? How does the physical presence of food retail outlets impact food purchasing behaviors within a community? What types of public policies are needed to improve food access in low-income communities? Within this context, to date the bulk of government efforts to improve food access have concentrated on increasing the number of grocery stores in underserved areas.<sup>1</sup>

In this paper I examine federal efforts to bring new food retail outlets to low income communities from a specific perspective: that of finance. All of these new grocery stores will necessarily require financing, and it is widely acknowledged that food retail projects in low-

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<sup>1</sup> While the majority of government policy is focused on opening new food retail outlets, research is mixed on the effectiveness of new stores in actually improving public health outcomes and inducing healthier eating behaviors. See for example Cummins et.al 2014 and Ver Ploeg and Rahkovsky 2016.

income areas have a hard time attracting private investment. How, then, can growing support for increased food access be financed in a sustainable manner? What role should federal level policy play in supporting this process? What is the role of non-profits and other non-governmental institutions in engaging with existing policy to improve food access in their communities? My paper seeks to contribute to this conversation, with a specific focus on evaluating the Healthy Food Financing Initiative (HFFI), a policy tool created under the Obama Administration in 2010. HFFI is designed to improve food access by setting aside funds targeted to opening new food retail outlets. HFFI's policy design is modeled after a similarly structured state-level healthy food financing initiative, with the goal of providing financing and supporting the development of public-private partnerships in order to open new food retail outlets in neighborhoods classified as food deserts. HFFI's explicit focus is opening new grocery stores and increasing the availability of healthy foods at food retail outlets in these underserved areas.<sup>2</sup>

To examine the policy's implementation and effectiveness, I take a two-step approach: I first use quantitative data analysis to examine the association between capture of HFFI funding and food access indicators; I then present a case study on a food retail project in a low-income community that faced barriers in accessing HFFI funds, but was nonetheless successful in opening. The quantitative analysis begins with a review of geographic variation in food access at the national level, using newly released data from the United States Department of Agriculture (USDA) Food Access Research Atlas (FARA). Data on HFFI fund disbursement is incorporated with FARA data. By overlaying HFFI fund disbursement data with food access indicators, I seek to

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<sup>2</sup> Supporting local supply chains and local farmers, common concerns associated with issues of food access, are not factors addressed by HFFI, and are thus outside the scope of my research.

establish whether a statistically significant correlation exists between improvement in food access and capture of HFFI funds.

To complement this national context on food access, I next present a case study investigating one community's experience of financing and opening a new grocery store in a food desert neighborhood. This particular case is presented with a specific focus on the various institutions involved, the process of securing necessary financing, and the role of community development financial institutions (CDFIs) in working with city and community actors to bring the food retail project to fruition. The case highlights the challenges faced in opening a grocery store, while also providing insights into how this community overcame these barriers to achieve success.

Ultimately, this paper aims to provide communities interested in improving their food retail landscape with an overview of—and insights into—the federal financing available to them. Planners interested in leveraging food business opportunities as part of a local economic development strategy will also benefit from the paper's analysis of the HFFI program, as well as the granular experience of one community working with various institutional actors to open a new grocery store. Understanding how this particular, predominantly low-income community was able to navigate complex financing processes and was or was not able to access federal funding support provides important take-aways for other communities hoping to open a grocery store. At the same time, analyzing the disbursement of HFFI awards and seeking to establish a correlation between food access improvement and capture of federal funds provides important insight regarding the policy's effectiveness to date. HFFI awards have now been available to support food access projects for six years, yet the bulk of evaluation research so far has focused on the physical number of new stores opened, without delving into what impact these projects have had on the food access

environment. My research seeks to contribute to this existing gap. Overall, the two-step approach I employ is intended to provide both a broad overview of existing food access, and specifics on one community's experience in improving their food access environment, in order to present a comprehensive analysis of federal financing for opening grocery stores in food desert neighborhoods.

The rest of this paper is organized as follows. Section 2 is a literature review and background on food deserts, healthy food financing policies, and the role of CDFIs in supporting new food retail outlets. Section 3 presents my quantitative data analysis exploring existing associations between food access indicators and capture of HFFI funding. My findings suggest that HFFI funds to date have not been targeted to the areas most in need. Section 4 presents my case study of the Renaissance Community Cooperative (RCC) grocery store in Greensboro, North Carolina. My research into the RCC reveals how involved actors were unable to access HFFI funds, yet were able to successfully open the store. I find the RCC's success is largely attributable to a well-organized community, a supportive non-profit champion, and flexible financing provided by CDFIs. Section 5 provides concluding remarks, including ways to improve HFFI's effectiveness and a discussion of the policy tool's political future.

## 2 FOOD ACCESS BACKGROUND

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### 2.1 *The Problem of Food Deserts*

The term 'food desert' first entered the conversation around public health just over twenty years ago, as academics began to discuss health disparities and obesity as a consequence of environmental inequities, and not solely as a result of individual choice. While definitions of food deserts vary, the USDA defines a food desert as "a low-income Census tract where either a

substantial number or share of residents has low access to a supermarket or large grocery store.” The USDA uses a different threshold for establishing “low access” in urban versus rural areas. Typically, someone living a distance greater than one mile in urban areas or greater than ten miles in rural areas is considered to be living in a food desert. Supermarkets and large grocery stores comprise food retail outlets that regularly stock a varied selection of healthy foods including fresh produce, whole grains and other unprocessed items. Convenience stores and corner stores, which offer less product variety, generally lack refrigeration, and do the bulk of their sales in processed foods including candy and soda, are not considered when measuring people’s proximity to a grocery store. In 2016, the USDA identified approximately 10 percent of all Census tracts in the U.S. as food deserts, containing 13.5 million people who live with low access to healthy food.<sup>3</sup> The majority of those living in food deserts are low-income individuals in communities with high incidence of diet-related illnesses. Research documenting the links between poverty, race and obesity shows that being non-white increases the incidence of both obesity and poverty, which are in turn the most closely linked predictors of food insecurity (Dharmasena et al. 2016). Findings from this growing body of research have motivated policy interventions like HFFI, which attempt to combat obesity and food insecurity by improving the physical food retail outlet environment.

At the national level, Former First Lady Michelle Obama launched her “Let’s Move” campaign in February 2010, with policy prescriptions aimed at curbing childhood obesity. Her platform included a call to make fresh produce more readily available in low-income areas and to open more supermarkets in underserved neighborhoods. Mrs. Obama stated her campaign’s ambitious goal to “eliminate food deserts completely in seven years,” (Office of the First Lady

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<sup>3</sup> USDA Office of Communications. “Food Desert Locator Release”, November 3, 2016. <https://www.fns.usda.gov/tags/food-desert-locator>



2010). In conjunction with the launch of Mrs. Obama's campaign, in February 2010 the White House announced the creation of the Healthy Food Financing Initiative (HFFI), a \$400 million fund to support more healthy food retail outlets in low-income neighborhoods. The motivation for HFFI and its provision of federal funds to open grocery stores in food deserts stems from a belief that people's diets can be improved if they have easy access to healthy foods, such as fresh produce and minimally processed foods. Within this framework, opening new food retail outlets thus has the potential to change and positively impact peoples' eating habits by surmounting the access barrier. By opening a grocery store in a neighborhood that previously only had convenience stores, the expectation is that people will choose to shop at the grocery store and will have access to healthier foods that were previously inaccessible.

Over the past decade much of the research into food deserts and food access has focused on this positive relationship between grocery store proximity and better health outcomes, such as improved diet quality and obesity reduction. Studies have established a statistically significant improvement in diet in former food desert neighborhoods that then see the opening of a full-service grocery store (Dubowitz 2015; White House Task Force on Childhood Obesity 2010). These findings underlay the motivation for HFFI and other policy interventions aimed at improving spatial proximity to food retail.

However, other studies in recent years have also shown that merely increasing food access, such as opening a full-service grocery store in a former food desert, has little to no impact on food purchasing behavior and diet quality (Ver Ploeg and Rahkovsky 2016; Cummins 2014). There is also a growing recognition that people's food choices take place within a complex food environment, where physical, economic and social factors such as obesity, income and

neighborhood composition interact with government policies that shape food production, marketing and taxes. Within this complex environment, physical proximity to a store is just one factor that decides people's diet. In fact, income level is a better predictor of food purchasing habits than store proximity (Dharmasena et al. 2016). Opening a new store, without taking into account issues of affordability, familiarity and marketing, is thus not enough to change eating habits. More robust interventions that complement a new retail outlet with education campaigns promoting healthy food choices and an emphasis on affordability have the potential to impact eating behaviors. Regardless of impact on improving diet quality, some argue that opening a grocery store in a low-income neighborhood is a positive development, as grocery stores serve as a symbol of middle-class life. Viewed this way, a new grocery store in a food desert can bring community benefits beyond healthier eating habits, including new jobs and heightened community pride (Donald 2013).

While it has been difficult for studies to establish a causal link between increased access to healthy foods and improved diet quality, policies have nonetheless focused on bringing full-service grocery stores into communities classified as food deserts, on the assumption that proximate and affordable access to fresh produce is the first step to a good diet and improving health outcomes. This belief informed the design and creation of HFFI, which was the first federal-level policy aimed at providing the financing necessary to create more grocery stores.

## *2.2 Healthy Food Finance Policies*

Amidst calls for eliminating food deserts and policy interventions designed to encourage new food retail outlets, the need for dedicated financing sources became clear. Researchers and public policy think-tanks have identified several factors that act as barriers preventing retailers

from opening stores in food deserts, highlighting the need for public support to surmount these barriers. According to the current conventional wisdom, grocery stores, like other retailers, are hesitant to open in low-income areas because of perceptions that low-income people are not a reliable consumer base and their spending will not be enough to sustain a store. Grocery stores in particular operate on very thin margins—the average supermarket has a one to two percent profit margin<sup>4</sup>—so in order to protect their bottom line, retailers are hesitant to open in locations perceived as unprofitable (Chung and Myers 1999). There are concerns about the high costs for insurance and security in high crime neighborhoods, the need to provide extra job training in neighborhoods of high unemployment, and the irregular cash flow that comes from having a high proportion of your shoppers reliant on monthly food stamp benefits. For these reasons, national retailers view opening stores in food deserts as high risk investments that are difficult to finance. On top of this, the grocery industry is increasingly consolidated, providing the big national retailers with near monopoly power and leaving consumers without viable alternatives (Treuhaft and Karpyn 2010). Prior to the 1990s, 17 percent of consumers shopped for groceries at one of the top four national grocery retailers. After two decades of consolidation and mergers, by 2014, the top four national grocers captured 60 percent of consumers.<sup>5</sup> These national chains have rigid formats and they are reluctant to adapt in order to meet individual community needs. Since these national chains control the bulk of the grocery market and benefit from low-overhead costs and well-formed national distribution networks, it can be very expensive for independent retailers to open and attempt to compete. It is in this existing retail climate that healthy food financing policies have

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<sup>4</sup> The Associated Press. “Supermarket chains avoid low-income neighborhoods, even though they promised not to.” December 8, 2015.

<sup>5</sup> Douglas, Leah. “FTC allows grocery chains to further consolidate power.” *Food and Power Newsletter*, August 4, 2016, <http://www.foodandpower.net/2016/08/04/ftc-allows-grocery-chains-to-further-consolidate-power-harming-farmers-workers-and-consumers%E2%80%8B/>

emerged, as a way to surmount these barriers by leveraging public investment to entice new retail outlets to locate in underserved areas.

The Pennsylvania Fresh Food Financing Initiative (PFFFI) was the first statewide policy designed to respond to this need. PFFFI came about as a result of research and advocacy campaigns led by the Food Trust, a Philadelphia-based non-profit. The Food Trust published research demonstrating the high incidence of diet-related health problems in low-income communities in Philadelphia. They also documented the lack of full service supermarkets in these neighborhoods. Based on this research, the Food Trust launched an advocacy campaign designed to incentivize more supermarkets to open in these low-income areas. This effort was aided by supportive champions at both the city and state government levels and ultimately led to the establishment of PFFFI in 2004. PFFFI was the first statewide program in the country to provide financing specifically for bringing new food retail projects into underserved areas (Giang 2008). Initially seeded with \$30 million from the state, the financing program in Pennsylvania ran from 2004 to 2010 and leveraged an additional \$145 million from other public and private sources through a partnership with the Reinvestment Fund, a CDFI. Overall, the program financed 88 new food retail projects located across the state, with an expected gain of 5,023 jobs and 1.67 million square feet of new commercial space (Reinvestment Fund 2016).

The success of the PFFFI in leveraging public funds to attract private investment and finance food retail outlets in underserved areas attracted national attention. PFFFI's programmatic design inspired the development of the federal Healthy Food Financing Initiative, which the White House announced in 2010. HFFI was designed to provide one-time flexible loan and grant financing to food retailers trying to overcome barriers to entry in low-income neighborhoods. HFFI

exists as a collaborative partnership between the USDA, the Department of Treasury and the Department of Health and Human Services. The goal is to bring the expertise of these three federal agencies together in order to tackle the problem of food deserts: USDA's Rural Development program uses HFFI funds to provide financial and technical assistance to retailers to implement promotion strategies and infrastructure improvements; Treasury's CDFI Fund uses HFFI funds to support CDFIs in their ability to finance healthy food retail outlets; and HHS's Community Economic Development program uses its HFFI funds to provide grants to community development corporations financing food retail and economic development programs.

Beginning with the 2011 budget, each of the three federal partners made funding available for projects targeting healthy food access. Over the past six years of its existence, HFFI has distributed over \$169 million in grants to food access projects across the country. HFFI is designed like PFFFI as a public-private partnership intended to utilize public financing to attract further private investment, and has leveraged over \$1 billion in private grants and institutional investments so far (Policy Link 2016). Since HFFI is a policy, and not a law, these HFFI set-asides have been voluntary decisions made by each agency's head.

As a policy focused specifically on the finance aspect of food access, HFFI's design is intended to minimize the deployment of government funds needed to spark private investment in developing these new food retail projects. This reliance on public-private partnerships to address food access comes largely through the involvement of CDFIs. CDFIs play an important role in helping new stores open by providing loans and grants to bridge the gap in financing offered by traditional lenders.

### *2.3 The Role of Community Development Financial Institutions*

One of the key channels through which HFFI funding flows is the Treasury's CDFI Fund. Established in 1996 as a way to provide federal support to CDFIs, the Fund provides loans and grants to certified CDFIs. Under HFFI, the Fund reserves a certain portion of money specifically for food retail finance projects. In fiscal year 2016, the Fund granted a total of \$22 million in HFFI awards to nine organizations. In order to be eligible to access funding from the Treasury's CDFI Fund, organizations must be certified as CDFIs. Eligibility requirements include having a primary mission of serving low-income individuals and communities, offering financial products like loans that are more flexible than what is offered by traditional lenders, and providing education and technical assistance in line with their mission. While it can be difficult in certain cases for a CDFI to measure its social impact, since quantifying things like sense of community and neighborhood resiliency is not easily done, in the case of healthy food finance, there is clear measurable output—the CDFI provides financing, and then a store opens, increasing a community's access to healthy foods (Rausch 2012).

Evaluations of the success of PFFFI have focused on the crucial role played by CDFIs in translating a retail intervention policy into reality. Under PFFFI, CDFIs provided financial expertise and an ability to attract private investment to deals, filling a specific need unmet by community organizers and non-profit partners who may be actively involved in efforts to improve food access but who lack these financial skills. CDFIs help communities properly assess the potential success and profitability of a retail store project. In addition to providing technical assistance and assessing a project's market feasibility, a CDFI plays the crucial role in leveraging public money to attract private investment (Fife 2012), which is the linchpin to develop the public-private partnerships at the root of the PFFFI and HFFI policy design.

With this understanding of how HFFI was designed and its goal of eliminating food deserts, I next present the findings from my analysis of HFFI award capture and food access indicators.

### 3 FOOD ACCESS AND HFFI DATA ANALYSIS

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#### 3.1 *Methodology*

In this section I analyze national data from the USDA Food Access Research Atlas (FARA), as well as data on annual HFFI fund disbursement from the USDA and the Department of Health and Human Services to provide an overview of geographic variation in food access at the Census tract level. The goal of the data analysis is to examine any existing associations between capture of HFFI award money and improvement in food access. FARA data provides a variety of indicators around food access at the Census tract level, and food access estimates are available for both 2010 and 2015. FARA's measure of food access is based on distance to a full-service supermarket, supercenter or large grocery store (convenience stores are excluded). A tract is considered low access if a significant number (at least 500 people) or share (33 percent or greater) of the tract's population lives more than 1 mile in urban areas, or more than 10 miles in rural areas, from the nearest supermarket, supercenter or large grocery store. While FARA does include access measures that use different thresholds (e.g. ½ mile in urban areas, 20 miles in rural areas), this analysis only looks at low-access at the 1 and 10 mile distance, since these distance thresholds are commonly used in other food access research.

I obtained HFFI data on fund disbursement from the three federal agencies that administer the HFFI program. I downloaded data from the Department of Health and Human Services' Community Economic Development (CED) program website, which lists CED-HFFI grant awards for fiscal years 2011-2016; the USDA's Know Your Farmer Database, which contains a directory

of all USDA project awards from FY 2009-2014; and the Department of Treasury's CDFI Fund website, which has a searchable database for its funding programs for FY 1996-2016. I limited my data analysis to awards disbursed from FY 2011-2015, in order to match the years that HFFI was active as a policy (due to data availability limitations, USDA awards only span FY 2011-2014). HHS data listed a city location for each project funded. I plotted the X, Y coordinates for these cities in ArcMap. There was a total of 64 CED-HFFI awards from FY 2011-2015. Once plotted, I created a five mile buffer around each city, given that data limitations did not provide an exact location of where the HFFI funded project took place. I assume that a five mile buffer captures the general area where an HFFI funded project took place. I coded Census tracts within this buffer as having captured HFFI funding. This methodology resulted in a total of 4,066 Census tracts. A similar process was repeated with USDA award data. The Know Your Farmer Database contains award information from multiple USDA projects, so I limited my analysis to only projects tagged as "Healthy Food Access," which I took as a proxy for HFFI activity. A specific address was provided for each project. I plotted X,Y coordinates for these awards in ArcMap. For FY 2011-2014, there were 359 projects tagged as "Healthy Food Access." Once plotted, I created a one mile buffer around each project. I used a smaller buffer given that an exact project location was provided. I coded Census tracts within this buffer as having captured HFFI funding. This methodology resulted in a total of 2,236 Census tracts. There were 596 Census tracts that received funding from both USDA and HHS awards. This resulted in a combined total of 5,706 Census tracts coded as having captured HFFI award money, out of a total of 72,776 Census tracts.

I made the decision to exclude CDFI Fund award data from this analysis due to data availability limitations. Many CDFIs have national footprints, and the award database only provides the CDFI location, not the location of projects funded with the CDFI-HFFI award. For



example, Self-Help, a CDFI located in Durham, North Carolina received a \$3 million HFFI award in 2013, but not all of this money was spent in Durham, or even in North Carolina. Self-Help used this 2013 award money to fund food access projects in Indiana and California. Given the geographic uncertainty inherent in the available data, I decided to exclude all CDFI-HFFI awards. Due to this, and other assumptions I made, the following data analysis is not a complete picture. It is, however, a partial examination of possible associations between available HFFI award disbursement data and a Census tract's food access status. Future research with more robust data will be needed to add further detail to this picture.

### *3.2 Results and Analysis*

I ran a two-sample t-test with unequal variances on a sample of 72,776 Census tracts to determine if there was a difference in the number of low access people (the combined population living at either more than 1 mile in urban areas or 10 miles in rural areas) living in tracts based on whether that tract captured HFFI award money or not. The results show that there is a statistically significant difference between the two groups ( $H_0$ : difference=0,  $H_a$ , difference  $\neq$  0,  $p=0.000$ ). This indicates that the difference between the number of low food access people living in tracts that did not receive HFFI money and the number of low food access people living in tracts that did receive HFFI money is not equal to zero, and is in fact greater than 0 ( $H_a$ : difference  $>$  0,  $p=0.000$ ). We would expect to see the opposite—if HFFI funds are reaching the tracts most in need, we would expect to see a higher number of low-access people living in tracts that captured HFFI funding when compared to tracts that did not capture HFFI funding. However, the mean number of low-access people in 2015 living in a tract that captured HFFI funding was 410, while the mean number of low-access people in 2015 living in a tract that did not capture HFFI funding was 997.

This pattern holds true, and is statistically significant when we compare the share of low-access people in 2015 living in tracts that captured HFFI funding or did not, for both urban and rural populations. Table 1 presents the results from these three t-tests, comparing low-access populations in tracts that captured HFFI funding with those that did not. This suggests that on average, there were fewer low-access people living in tracts that captured HFFI funding than those tracts that did not. Overall, this indicates that HFFI funds are not reaching the populations most in need.

**Table 1. HFFI Award Capture and Low-Access Population, 2015**

	Mean, Low-Access Population at 1 and 10 miles	Mean, Share of Population=Low-Access at 1 mile	Mean, Share of Population=Low-Access at 10 miles
Group 0 (did not capture HFFI funding)	997	.412	.025
Group 1 (did capture HFFI funding)	410	.139	.002
	Mean (group 0)- Mean (group 1) > 0, p=0.0000	Mean (group 0)- Mean (group 1) > 0, p=0.0000	Mean (group 0)- Mean (group 1) > 0, p=0.0000

I also ran a Pearson Chi-Squared test on the sample of 72,776 Census tracts, to further look at the relationship between a tract's low food access status and its treatment with HFFI award capture. If HFFI award capture has no association or impact on low-access status, then the null hypothesis expects the proportion of tracts to be equal across all categories, that is no significant difference between treated tracts and untreated tracts that are low-access and those that are not low-access. Results from the Chi-Squared test comparing 2015 low-access classification and HFFI award capture are presented in Table 2. As Table 2 illustrates, the null hypothesis does not hold,

and there is a statistically significant relationship between award capture and whether a tract was low-access in 2015.

**Table 2. Proportions of 2015 low-access tracts and HFFI award capture**

		2015 Low-Access at 1 and 10 miles		
Award Capture		<b>0</b>	<b>1</b>	<b>Total</b>
	<b>0</b>	40,646	26,424	67,070
	<b>1</b>	4,603	1,103	5,706
	Total	45,249	27,527	72,776
<i>Pearson chi2 (1) = 900.4306, P=0.0000</i>				

In interpreting this distribution, we can infer that 37.82% of all Census tracts (27,527 tracts out of a total 72,776 tracts) were low food access in 2015 at the 1 and 10 mile threshold. 19.33% of treated tracts were low food access, compared to 39.40% of untreated tracts. This suggests that there is an association between capture of HFFI award money and low-food access status. A further refinement of this association is presented in Table 3, which takes into account a tract's change in food access status from 2010 to 2015. Change in food access is captured by the variable "AccessImprove", which I created and coded as follows:

AccessImprove	2010	2015
<b>-1</b>	<i>not low access</i>	<i>low access</i>
<b>0</b>	<i>low access</i>	<i>low access</i>
<b>1</b>	<i>low access</i>	<i>not low access</i>
<b>2</b>	<i>not low access</i>	<i>not low access</i>

Results from the Pearson Chi-Squared test comparing a tract's change in food access status and its capture of HFFI award funds are presented in Table 3. With a p value of 0, we reject the null hypothesis and conclude that there is a significant association between change in food access and capture of HFFI award money.

**Table 3. Change in food access status and HFFI award capture**

Award Capture		Access Improve				Total
		-1	0	1	2	
	0	2,052	24,372	2,977	37,669	67,070
	1	131	972	220	4,383	5,706
	Total	2,183	25,344	3,197	42,052	72,776
<i>Pearson chi2 (3) = 965.0442, P=0.000</i>						

In considering HFFI's ability as a policy tool to mediate the problem of food deserts, tracts whose food access status improved are of particular interest. These are the tracts (AccessImprove=1) that were low access in 2010 but were no longer low access in 2015. If the proportion of treated tracts (places that captured HFFI award funds) that saw improved food access status is greater than in untreated tracts, this finding would provide support for the policy's effectiveness. However, my analysis did not find this to be true. There was a total of 3,917 tracts whose food access status improved, which represents 4.39% of all Census tracts. When we look at how many treated tracts saw their food access improve from 2010 to 2015, we see this percentage is lower: 3.86% of treated tracts had improved food access, while 4.44% of tracts that did not receive HFFI award money saw an improvement in food access. This finding demonstrates that tracts saw improvement in their food access via developments outside of HFFI. It is not possible to know what happened in these places that were low access in 2010 and were no longer in 2015—perhaps market conditions improved and new retailers came in voluntarily, perhaps philanthropic sources provided seed capital to construct new stores, perhaps there were trends of people within an area moving closer to existing stores. But this finding does establish that capture of HFFI funding was not necessary for an area to shed its food desert status between 2010 and 2015. It is

also interesting to note that 76.81% of all tracts that captured HFFI award money were neither low access in 2010 nor 2015. This finding suggests that HFFI fund disbursement is not reaching the areas most in need. A more targeted approach to fund allocation could help HFFI in its ability to specifically fund food retail projects in actual areas of low food access.

As noted, this analysis presents an incomplete picture. Data limitations prevented all HFFI fund activity from being included. The analysis looks solely at the association between award capture and only one indicator of food access, measured as physical proximity to a full service food retail outlet. Potential confounding factors such as vehicle access, household income and race are excluded from this analysis. Despite these limitations, the analysis produces results of interest that point to a need for further, more robust analysis of HFFI as a policy tool and its effectiveness in improving food access. Results indicate that HFFI effectiveness could be improved through better targeting of fund disbursement to low-access tracts. Federal staff who make decisions regarding HFFI fund disbursement could also benefit from studying communities that were able to improve their food access, despite not receiving any HFFI funds.

The next section of this paper presents a case study of one such community's process in opening a new food retail outlet, the Renaissance Community Cooperative in Greensboro, North Carolina. Detailing their experience in financing the new grocery store illuminates some of HFFI's shortcomings and suggests areas of improvement in order to achieve better outcomes. As the case demonstrates, HFFI as a policy is not enough to guarantee improved food access in low-income communities. As the following section details, the institutional actors involved in the Renaissance project were unable to secure financing through HFFI, and yet despite these barriers, they were ultimately able to successfully finance the store.

The October 2016 opening of the Renaissance Community Cooperative (RCC) in Greensboro, North Carolina provides a case study on how a low-income community organized to successfully open a grocery store in their neighborhood. Collaboration amongst multiple stakeholders proved key to the project's success. It is important to note that the RCC project was not financed with any HFFI funds, and in fact, stakeholders had difficulties in attempting to access these funds.

Before the RCC opened its doors, this northeastern neighborhood of Greensboro had not had a full-service grocery store since 1998. As this case study will show, there were a variety of factors that enabled the RCC to overcome challenges associated with opening a grocery store, including the existence of well-organized, active citizen groups; the support and assistance of a local non-profit; and the financing expertise of several CDFIs. The story of the RCC highlights the necessity of a CDFI in helping a community navigate the complex process of opening a new food retail outlet and developing a project that is financially feasible. It also illuminates some of the challenges faced by CDFIs in accessing HFFI award money.

The next sections present the methodology I employed, followed by a brief demographic overview of the neighborhood, provided to contextualize the case. Next I present my findings, organized around the three primary factors that enabled RCC's success: pre-existing, active neighborhood groups; a local non-profit champion; and the involvement of several CDFIs. I next detail the RCC's experience with trying to access HFFI funds. The case study concludes with takeaways for interested parties, including planners and community activists hoping to bring new food retail outlets into their neighborhoods, as well as recommendations for improving HFFI as a policy tool aimed at eliminating food deserts.

#### 4.1 Methodology

The RCC was chosen as the focus of this case study both for its proximity—I live within easy driving distance of the store—and for its timeliness—the store opened during the course of this research, allowing me to observe parts of the process leading up to RCC’s first day and to attend the store’s grand-opening celebration. I initially came across the RCC project through existing connections with food access networks in North Carolina. I assumed that RCC had accessed HFFI funding, an assumption that proved to be untrue.

I used a mix of key-informant and stakeholder interviews as well as snowball sampling to conduct primary interviews with actors involved with the RCC project. I first heard about the RCC project from an employee at Self-Help, a CDFI in Durham, North Carolina, that was part of the RCC project. I attended a pre-store opening meeting in September 2016, and later attended the store’s grand opening ceremony in November 2016, and identified relevant people to contact at these events. Other contacts were identified through the snowball sampling method. I conducted semi-structured interviews, in person and on the phone to gather information on the store’s opening and financing. The goal in these interviews was to gather information from a variety of perspectives, including CDFI employees, city officials and neighborhood activists regarding how the RCC project successfully opened its doors. I developed a questionnaire and conducted interviews with the following stakeholders:

- Steve Saltzman, *Loan Officer, Healthy Food Systems Initiative, Self-Help Credit Union*,
- Dr. Goldie Wells, *Co-Chair, Greensboro Citizens for Economic and Environmental Justice*
- Marikay Abuzuaiter, *At-Large Member, Greensboro City Council*
- Gabriella Mora, *Senior Associate, The Food Trust*
- Jim Barham, *Agricultural Economist, USDA*
- Olivia Rebanal, *Director of Loan Programs, Capital Impact Partners*
- Brenda Pfahnl, *Director of Programs & Senior Loan Officer, Shared Capital Cooperative*
- Marnie Thompson, *Co-Director, Fund for Democratic Communities*

I also reviewed news articles that covered the RCC’s opening, blog posts from involved non-profit actors, and other primary source documents to supplement the information gathered through these interviews.

#### 4.2 *Neighborhood Demographics*

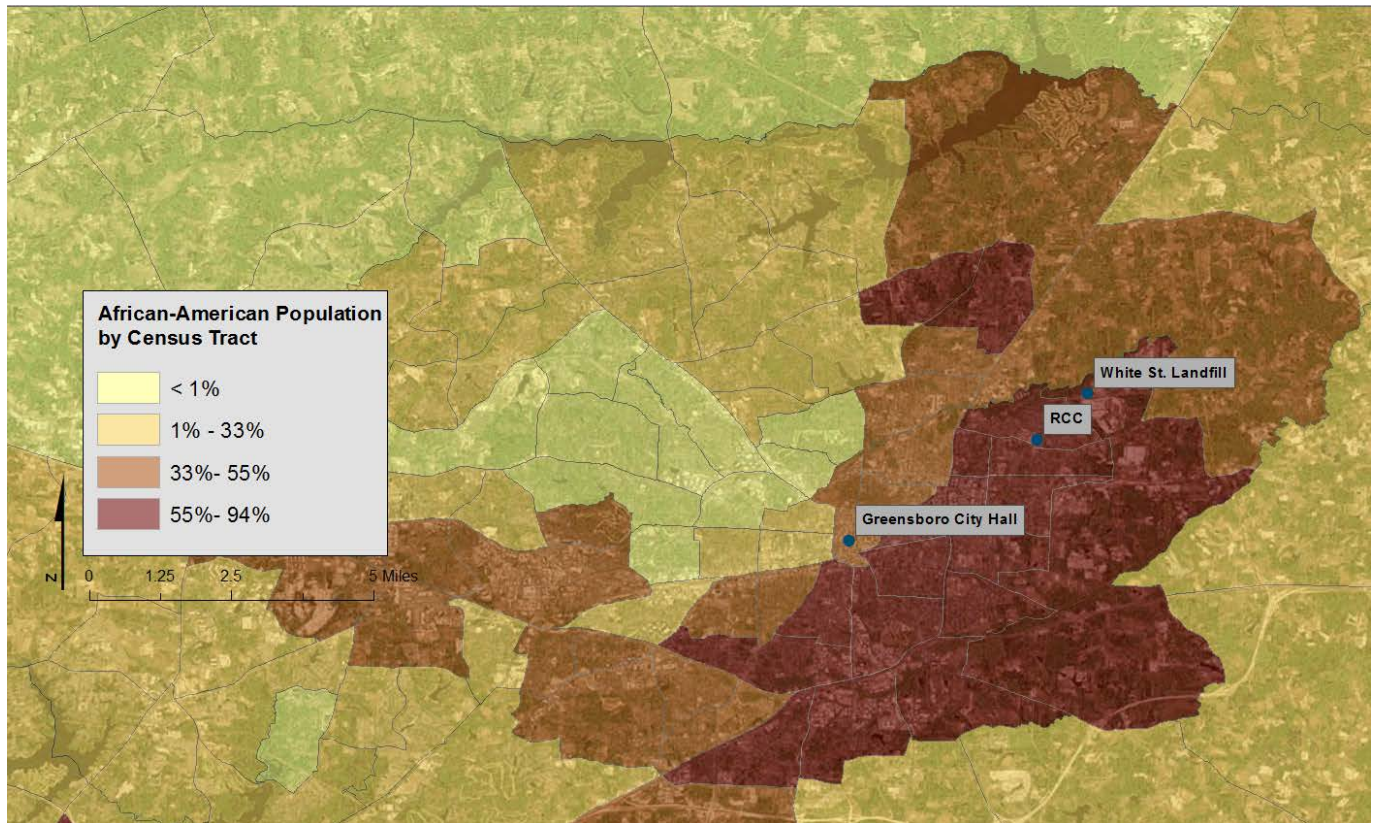
The RCC grocery store is located in northeastern Greensboro, in Census tract 37081012705. This tract was low food access in both 2010 and 2015, as determined by the FARA methodology described in the previous section. The tract is home to a predominantly African-American, low-income population. Table 5 gives a comparative overview of the tract’s demographics as well as those of the surrounding area, while Figure 1 provides a look at the store’s location within Greensboro. We can see that the RCC is located in a neighborhood that is over 90% African-American with an unemployment rate more than double that of the City of Greensboro. This area also falls behind on measures of education and income when compared to the City of Greensboro.

**Table 5. Demographics for RCC location and surrounding geographies**

	Census Tract 37081012705	City of Greensboro	Guilford County	North Carolina
Percent African-American	90.6%	42.1%	33.4%	21.5%
Percent of Population 25 Years and over with a college degree	11.2%	23.5%	22.4%	18.4%
Unemployment Rate	19.6%	8.5%	8.8%	9.4%
Median Household Income	\$27,384	\$41,628	\$45,651	\$46,868
<i>Source: U.S. Census Bureau American Community Survey 2015 (5-Year Estimates)</i>				



**Figure 1. Location of the RCC within Greensboro**



#### *4.3 Neighborhood Organization in Northeast Greensboro*

The RCC is housed within the Bessemer Shopping Center, at 2517 Phillips Avenue, in Greensboro, North Carolina. This is the same shopping center that previously housed the Winn-Dixie grocery store. When the Winn-Dixie closed its doors in 1998, the neighborhood lost its sole full-service supermarket in the area, and became a food desert. In response, residents formed the Concerned Citizens of Northeast Greensboro (CCNG), a community interest group that provided an outlet for community members to gather and discuss strategies for trying to attract a national food retailer to open a new store in the abandoned shopping center. Over the years, several national retailers expressed interest in moving into the neighborhood, and the City of Greensboro had several developers express interest in purchasing the Bessemer Center. Yet, until the RCC, these

expressions of interest yielded nothing. Despite these repeated setbacks and false starts, this grassroots coalition persisted over the years, with its sights set on bringing a grocery store back to the Bessemer Shopping Center.

Organizing to get a grocery store was not the only cause uniting people in this neighborhood. Citizens had been active for many years in opposing repeated efforts by the City of Greensboro to reopen the White Street Landfill, located in the neighborhood. Grassroots coalitions of African-American residents had been voicing concern about the landfill since the mid-1990s. After repeated discussions and City Council consideration of plans to expand the landfill, the City Council decided to finally close the landfill in 2006. The White Street Landfill stopped accepting household garbage in 2007, largely due to this continued pressure from citizen activists in the neighborhood. Household waste was instead shipped to a site in nearby Montgomery County. However, the possibility of expanding the White Street Landfill was reignited in 2009, when City Council elections resulted in a new, conservative majority. These new members promised to cut taxes and reduce municipal spending, and saw re-opening and expanding the White Street Landfill as one such way to cut costs. As this new council moved forward with plans to re-open the landfill, neighborhood residents organized under the direction and leadership of Dr. Goldie Wells, a former City Council member. Building on their tradition of forming grassroots advocacy groups, they formalized into a group they called Citizens for Economic and Environmental Justice (CEEJ). Many members of CCNG joined CEEJ. CEEJ held regular meetings where neighbors could voice their concerns, formed coalitions with other local groups, and organized protests, all with the goal of preventing the landfill's re-opening and expansion. This ability to collectivize and take action towards a common goal proved to be one of the community's key assets, one that ultimately played an important role in keeping the quest for a new grocery store alive.

With CEEJ focused on keeping the White Street Landfill closed, these citizen activists also set their sights on political change. Many of them viewed the current City Council as antagonists. CEEJ members formed a group focused on voter registration and “unseating the pro-landfill City Council members” (Madsen 2012, 132). By the time of City Council elections in November 2011, CEEJ and neighborhood organizers were successful in their goals: the members supportive of reopening the landfill largely lost their seats, and the new Council assured residents that reopening the White Street Landfill would no longer be considered as a viable option for handling the city’s waste. New Council members also expressed their support for the neighborhood’s movement to get a grocery store and voiced their commitment to making this a reality. After the November 2011 elections, Dr. Wells recalled several Council members promising to help with CEEJ’s efforts to get a new grocery store. Newly elected Councilwoman Marykay Abuzuaiter felt that in face of the community’s commitment to the grocery store, and in light of their recent success in organizing residents to affect political change, the City had a duty to help. “We felt we couldn’t let the community down on this. We can’t let this community go without a grocery store any longer.” This sequence of events highlights the power of the community’s self-organization in driving the eventual RCC project. CEEJ’s voter registration efforts lead to higher turnout throughout northeastern Greensboro neighborhoods. As a result, several City Council members viewed as unsympathetic to these residents’ needs lost their seats, and the newly elected members explicitly promised to assist in securing a new grocery store.

Demonstrating their capacity to collectivize and organize was key to establishing the community’s legitimacy in the eyes of the City Council. The City of Greensboro owned the Bessemer Center at the time, so having support from the City Council and their commitment to finding a grocery store as the center’s anchor tenant was crucial. As the RCC project developed,

the City eventually sold the shopping center to Self-Help, a Durham based CDFI whose role in the project is further detailed below. The City also committed a \$250,000 grant to the project, contingent on the RCC's ability to raise a matching amount. The tenacity of CCNG and CEEJ in pressuring political representation to meet their needs can thus be seen as a success. The community's ability to self-organize and coalesce around a common cause built a solid foundation from which the RCC project could be launched.

#### *4.4 Local Non-Profit Champion*

In addition to the strength of the neighborhood's grassroots coalitions, evinced by the existence of both CCNG and CEEJ, the development and execution of the RCC relied heavily on support from the Fund for Democratic Communities (F4DC), a local non-profit dedicated to economic justice and community empowerment. In late 2010, Ed Whitfield and Marnie Thompson, the co-founders of F4DC, were focusing their work on cooperative economies. As Thompson described, they "were looking for opportunities to use cooperative enterprises to solve real world problems, and we wanted to teach and learn about coop development in the context of actually doing it." They were aware of CCNG and residents' attempts to attract a grocery store, so they began to have discussions with Dr. Wells about the possibility of bringing a cooperative grocery store into the neighborhood. F4DC staff began speaking about the cooperative grocery model at both CEEJ and CCNG meetings in late 2011 and early 2012.

Initially, residents were unsure about pursuing a cooperative, and F4DC's suggestion of a grocery coop was not met with enthusiasm. Dr. Wells and others thought that Save-A-Lot, a national chain, was going to come into the former Winn-Dixie space. Save-A-Lot was one of several national grocery chains that had expressed interest over the years in opening an outlet in

the Bessemer Center, before eventually backing out. When the Save-A-Lot deal fell through in early 2012, community members were still hesitant about pursuing a cooperative model. Much of this resistance stemmed from misconceptions about what a cooperative grocery store looks like. There was the perception that coops meant high prices, exclusively organic produce, and the types of products people in the neighborhood were not interested in. There were also worries that despite strong community organizing skills and past success in keeping the landfill closed, neighborhood residents did not have the capacity to run and manage a coop. To overcome these hurdles, F4DC invested staff time and resources to work with community groups and provide education on how cooperative businesses work. They regularly attended community meetings and performed outreach over the course of 2011 and 2012. This involved assuring people that their coop did not have to look like existing coops and that it could instead be designed to meet their needs. As member-owners, they would be able to design a food retail outlet that met their goals: a full-service grocery store stocked with fresh, affordable produce that pays its workers a living wage. As part of this education effort, F4DC organized a trip in August 2012 for community members to visit a newly opened food cooperative in Burlington, North Carolina. 30 community members attended, and seeing the Burlington cooperative store served to inspire several of the Greensboro residents to get more serious about having a cooperative grocery store in their own neighborhood.

F4DC also had to reiterate its commitment to the project, and assure residents that the organization was willing to assist in helping people develop the capacities necessary to start and manage a cooperative. As a mission-based intermediary deeply dedicated to the community, F4DC was uniquely positioned to shepherd community members through this multi-year process. Traditional banks, outside non-profits and organizations with national footprints would likely have

been less willing to invest as many resources to one project and remain in an active leadership role over the course of several years.

By November 2012, after continued education and outreach efforts, a group of 15-20 community members decided that a cooperative grocery store was their best option. They formalized their organizational efforts by forming the Renaissance Coop Committee. The Renaissance Community Coop opened its doors in October 2016. Over the course of this multi-year process, F4DC played an integral role in shepherding the project to success. If not for F4DC's vision and willingness to educate and provide resources, the community would likely not have pursued a cooperative model. Without F4DC's patient involvement in every step of the process, particularly their provision of financing assistance, it is likely the RCC would not have been a success.

#### *4.5 The Role of CDFIs*

F4DC led the RCC financing process, after bringing the cooperative model to the neighborhood and supporting residents as they pursued market and feasibility studies to assess the store's potential. This involved working with CDFIs and other supportive lenders to secure necessary financing. F4DC staff approached Self-Help, a nationally known CDFI based in Durham, North Carolina, in the spring of 2013, after the RCC board had completed its feasibility study. Self-Help is involved with a grocery cooperative in Durham, received HFFI award money through the CDFI Fund in 2013, and has a social justice oriented mission to support economic opportunity. F4DC staff also had pre-existing relationships with Self-Help, facilitating communication. For these reasons, supporting the RCC project was a natural fit for Self-Help's food financing portfolio. Initially, this involvement took the form of legitimizing the RCC as a

viable development project to the Greensboro City Council. Steve Saltzman, who leads Self-Help's Healthy Food Initiative, spoke on behalf of the RCC project at a Greensboro City Council meeting. He prepared a basic terms sheet and said Self-Help was on board to act as a lender to the RCC project. This provided the project with important credibility before the Council, and indicated that the RCC could successfully secure financing. Around this time, the Council was in talks to sign an agreement with a developer to purchase and redevelop the Bessemer Center, where the abandoned Winn-Dixie stood. However, this deal fell through in the summer of 2013. At this time, after being approached by both F4DC and members of the Council, Self-Help agreed to purchase the shopping center. F4DC and community members felt that since Self-Help had already voiced its support for bringing a grocery store to the Bessemer Center, having Self-Help as the center's owner and developer would ensure the RCC could progress forward.

In purchasing the shopping center, Self-Help shifted its role from potential lender to shopping center developer and landlord. This is the same role they play in the Durham Coop, as owner of the shopping center and landlord. In the RCC case, while Self-Help did not end up fulfilling its traditional role as lender, they did provide a sizeable amount of equity to the project through a generous tenant improvement allowance. Additionally, as owner of the entire shopping center, Self-Help is in the ongoing process of attracting other retail tenants that meet community needs and compliment the RCC, such as a medical clinic, a pharmacy and a restaurant. In these ways, Self-Help's involvement in and support of the RCC can be seen as instrumental to the project's success and longevity.

With Self-Help no longer able to act as a lender to the project, F4DC shifted to take on more responsibility in securing financing. F4DC pursued multiple channels of fund sources, which

included working with the RCC board to raise equity through the sale of ownership shares in the coop, grassroots fundraising, particularly in local churches, and pursuing grants from supportive foundations. F4DC also reached out to CDFIs who would be interested in lending to the project. F4DC had a pre-existing relationship with Shared Capital Cooperative, a national CDFI based in Minneapolis, Minnesota. Shared Capital is focused on lending to cooperative businesses as a way to build economic democracy, a mission that aligns well with F4DC's, as well as that of the RCC. In August 2015, Shared Capital made an early loan commitment to the project as RCC's senior lender due to the project's fit with their mission—a cooperative business located in an area of demonstrated economic need. This early commitment was made so that F4DC and the RCC could use Shared Capital's financing commitment as leverage in seeking grants and additional sources of finance. Shared Capital provided two loans to the project, both with patient terms and below-market interest rates. Shared Capital was willing to subsidize its interest rate and stretch their normal repayment terms for the RCC project due to its mission fit. This flexibility and willingness to support the project's success exemplifies the role of CDFIs in healthy food finance. Unlike traditional bank lenders, where the sole focus is on minimizing risk, CDFIs are looking for projects in line with their mission that they really want to see succeed. They realize that their best hope of getting repaid is by helping the project be successful.

This mentality and approach is evident in Shared Capital's ongoing relationship with F4DC and the RCC project. The RCC store is F4DC's first experience raising millions in capital, so having a close relationship with the lenders involved, who are willing to provide education and support, has been instrumental to the RCC's success. F4DC led financing discussions with Shared Capital, negotiating and re-negotiating the deal and terms to meet community needs. As part of this ongoing process, F4DC and RCC staff currently have weekly lender calls with Shared Capital



and the project's other major lender, the Southern Reparations Loan Fund (SRLF). These calls are held to check in on store operations and monitor how progress is going. F4DC staff, who continue to manage RCC's financing process, report feeling very supported by Shared Capital and SRLF.

Both Self-Help and Shared Capital, two mission-driven CDFIs, were instrumental in bringing the RCC project to life, from site acquisition through ongoing store operations. By purchasing the building and re-developing the former Winn-Dixie with the RCC in mind, as well as contributing project equity, Self-Help worked to ensure the project could move forward. By contributing patient capital with flexible terms, Shared Capital ensured the project had the debt financing necessary to fund its opening. These two CDFIs became involved in a way and made contributions that traditional sources of finance (commercial banks) would have been unwilling and/or unable to make. This again highlights the necessity of mission-driven institutions like CDFIs in helping to finance food retail outlets in low-income communities.

#### *4.6 Stakeholder Experience with HFFI*

At the start of this case study, I assumed that Self-Help had received HFFI funding that allowed them to finance the RCC project. I also assumed that Self-Help had acted as RCC's senior lender. These were incorrect assumptions, and as my conversations progressed, I learned in fact that Self-Help, the RCC and Shared Capital had all individually attempted, unsuccessfully, to access HFFI funds. Self-Help and Shared Capital had applied for HFFI funds from the Department of Treasury's CDFI Fund, while the RCC, with F4DC playing an important role in preparing the grant application, attempted to access HFFI funds through HHS's Community Economic Development (CED) program. These experiences highlight potentially unintentional roadblocks

that exist within HFFI's policy design, and suggest areas of improvement to strengthen HFFI's efficacy.

The experience of Self-Help and Shared Capital in accessing HFFI funds illuminates two roadblocks in the policy's design that limit its effectiveness. The first is only recognizing when a CDFI makes a loan as qualifying HFFI activity. The second is requiring that CDFIs receive a general financial assistance award in order to be eligible for a HFFI award. In evaluating applications for HFFI funds, Treasury's CDFI Fund considers a CDFI's past experience in healthy food finance projects as an important factor in selecting applicants. Current parameters for defining past "qualifying food access activity" only recognize when a CDFI provides a direct loan to a food access project. If a CDFI is involved in a project in a role other than lending, this non-lending activity is not considered by the Fund. As receiving HFFI awards from the Fund is a competitive process, CDFIs with proven track records of successfully lending to new food retail outlets are more likely receive awards. For Self-Help, their involvement with the Durham Cooperative and the RCC are thus not counted as qualifying food access activity, because Self-Help did not provide loans in these two instances. As Saltzman explained, "our most impactful healthy food access projects largely have happened without getting credit from the CDFI Fund." To overcome this roadblock, HFFI's definition of qualifying food access activity could be expanded, incentivizing CDFIs to both lend to, and when necessary, to act as developers for food retail projects. According to Saltzman, "If HFFI awards incentivized and recognized when CDFIs took on roles as developers, that could serve as a catalyst" for improving food access.

Another roadblock in a CDFI's ability to access HFFI funds involves the requirement to win a general financial assistance award as a prerequisite for HFFI money. General financial

assistance awards are the bulk of the Fund's financing to CDFIs. CDFIs that receive general financial assistance awards must match their award, dollar-for-dollar, with funds from non-federal sources. Shared Capital has applied for HFFI funds four times, and has not been successful due to this rule. Brenda Pfahnl, Director of Programs and Senior Loan Officer at Shared Capital, reports that their HFFI applications have received high scores. In fact, last year Shared Capital received a perfect score on their HFFI application, but they did not receive a general financial assistance award. Due to existing rules, they were therefore deemed ineligible for the HFFI award, despite their high score. Pfahnl finds it ironic that Shared Capital, a CDFI founded by retail cooperative grocers that has been successfully lending to grocery stores for nearly 40 years, has been unable to access CDFI funds specifically targeted to supporting food retail. The twinning of general assistance awards and HFFI eligibility thus represents another roadblock in the policy's design. If this requirement was modified or relaxed, and HFFI eligibility was not tied to receiving a general financial assistance award, then CDFIs like Shared Capital that want to support cooperative food businesses could have a clearer path to accessing HFFI money to support their work.

The RCC applied twice for a HFFI award from the Department of Health and Human Services, and their application was rejected both times. Thompson reports that the application process was complex and time-consuming. Based on her experience, she ultimately would not recommend that other aspiring food retail outlets in low-income communities bother with the arduous process. HHS awards HFFI funds through its Community Economic Development (CED) grant program, and requires that applicants be certified community development corporations (CDC). CDCs are a class of non-profit organizations with a focus on supporting economic development within a specified geography. Since the RCC is a cooperative enterprise and neither a CDC nor a non-profit, they partnered with the Greensboro YMCA in order to meet this

application eligibility requirement. This felt like an arbitrary requirement to F4DC and the RCC, as the YMCA was not fully vested in the project. Additionally, to fulfill its mission of creating employment opportunities for underserved individuals, CED sets hiring parameters and job creation requirements that applicants for HFFI awards must meet. Projects that receive CED-HFFI awards must commit to filling a minimum of 75 percent of these newly created jobs with low-income individuals. While the RCC was committed to hiring from the community, the RCC board and F4DC were concerned about filling management and departmental positions with inexperienced people. They felt that the store's ability to succeed depended on having experienced management and department heads in place, while cashiers, stockers and other entry level jobs could be filled by less experienced people from the neighborhood. Thompson felt that HHS's job requirements therefore did not match with RCC's goals.

#### *4.7 Take-Aways*

The presence of the Renaissance Community Cooperative is an important milestone for the northeastern Greensboro community. A low-income, marginalized community was able to self-organize and utilize institutional resources in their vicinity to overcome barriers in opening a grocery store. With support from F4DC, they pursued a cooperative model, not only bringing in a food retail outlet, but one that they themselves owned. Through the sale of owner-shares to members of the community, the cooperative model also enabled the community to self-raise a portion of the project's equity. To further raise the finance needed to complete their vision, the RCC relied on capital from CDFIs supportive of their mission. As this case has demonstrated, RCC's success can be understood as a product of an active, engaged community; the active presence of a local non-profit champion; and flexible financing from mission-driven institutions.

This case has also highlighted some of the barriers encountered by institutions trying to access HFFI funds. The RCC is exactly the type of project the policy is designed to support—a full-service grocery store in a low-income neighborhood classified as a food desert, and yet the institutions involved in opening the store were unsuccessful in accessing HFFI funding. This can in part be explained by the competitive nature of HFFI awards—applicants are competing for access to a limited pool of resources—and suggests a need for the federal agencies involved to expand the resources they allocate to HFFI. At the same time, the difficulties faced by Self-Help, Shared Capital and the RCC in accessing HFFI funds suggests areas for improvement, particularly around streamlining the application process employed by both the Treasury’s CDFI Fund and HHS’s CED program.

While the focus of this paper is on the financing process, in studying what enabled the RCC’s success, the need for community support emerged as a principal theme and perhaps the most important condition for success. Stakeholders reiterated to me the importance of an organized community in driving the project. Thompson said F4DC receives multiple inquiries a week from people interested in replicating RCC’s model. She says she always asks, “Do you have community support? Is the community organized? Because the project is not going to work if an outsider comes in and says ‘we think this neighborhood could use a grocery store.’” Dr. Wells expressed a similar sentiment, and offers similar advice to communities interested in bringing new food retail to their neighborhood. She encourages residents of low-income areas to “be aware that their community contains untapped resources and assets.” With the right leadership in place, and someone to act as a champion during the long process, success can be achieved. In leading CEEJ, Dr. Wells saw her role as reminding people that they could achieve their goal and encouraging residents to stick with the process. “I kept telling people we can do it. We have to recognize our

strengths and our ability to make change.” As RCC’s experience demonstrates, it can take many years for a project to move from idea to completion, with the financing process requiring patience and resourcefulness. If residents themselves are not willing to put in the time to follow through on this project timeline, success will be hard to achieve.

## 5 CONCLUSION

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The Obama Administration, particularly through Former First Lady Michelle Obama’s Let’s Move campaign, made targeting obesity a national priority. As public health research documented the links between food deserts and suboptimal health outcomes, policy efforts to open more grocery stores emerged at both the state and federal level. The Healthy Food Financing Initiative, announced in 2010 and first funded in 2011, is one such policy tool created at the federal level as part of this effort to eliminate food deserts. Under HFFI, three federal agencies agreed to set aside funding specifically targeted for supporting new food retail outlets. However, these are voluntary set-asides, subject to the agencies’ discretion. With a new administration in place, and newly appointed agency heads, the continuity of HFFI funding is uncertain. There is little to suggest that federal policy aimed at increasing food access will be a priority of Trump’s administration. This creates a large amount of strategic uncertainty around the future of HFFI and what actions, if any, the new President will take to address food deserts. In an attempt to make HFFI a more permanent policy tool, the USDA hired an official national HFFI fund manager in January 2017, in the last days of the Obama Administration. In doing so, the HFFI Fund can be seeded with federal appropriations set aside in the Farm Bill, rather than discretionary funding from agency heads. The Reinvestment Fund, a CDFI based in Philadelphia that has been a leader in healthy food finance, will serve as the national fund manager. Many people involved in healthy food finance work

believe Treasury and HHS will likely not continue to fund HFFI, so having the USDA designate an official fund manager guarantees continuity for HFFI. The 2014 Farm Bill authorizes up to \$125 million for the HFFI Fund, and now that a fund manager has been selected, the USDA can transfer funds directly to the Reinvestment Fund. Current versions of both the House and Senate fiscal year 2017 budgets contain a \$1 million appropriation for the HFFI Fund, and the hope amongst USDA and other healthy food finance advocates is that this initial \$1 million will increase in future years. Advocacy efforts targeting the 2018 Farm Bill and increased appropriations for the HFFI Fund are underway.

At the same time, recent studies have shown that the construction of a supermarket is often not enough to impact diet quality and change purchasing behaviors. In this context, a better understanding of HFFI's impact to date is useful in helping to determine its future. In this paper, I attempted to evaluate the policy's effectiveness through a quantitative data analysis and a granular case study. In both instances, it becomes clear that HFFI alone is not enough to improve food access. With the majority of HFFI award money disbursed to date captured by Census tracts not classified as low food access, there is clearly a need to rethink how applications for funds are evaluated. Targeted disbursement of funds is needed to ensure that neighborhoods the most in need of new food retail receive financial support for new grocery stores. Utilizing FARA's newly released estimates of food access indicators at a Census tract level can help decision-makers better target HFFI awards. The RCC case further demonstrates areas of improvement for increasing HFFI's efficacy. The CDFI Fund could expand its eligibility requirements, allowing CDFIs like Shared Capital to receive HFFI funds even if they have not received a general assistance award. The CDFI Fund can also start to recognize CDFIs when they act as developers in healthy food finance projects, as Self-Help did for the RCC, in addition to when CDFIs act as lenders. This

could incentivize more CDFIs to get involved, since they would have more flexibility regarding the role they play in healthy food finance projects. Finally, the difficulties the RCC, with assistance from F4DC, faced in trying to apply for HFFI funds through HHS's CED program suggest the agency could simplify its application process, or provide support and assistance to groups working to open food retail outlets in low-income communities.

My research further demonstrates that a financial award alone is not sufficient to ensure successful new food retail outlets. As the RCC case demonstrates, low-income communities need grassroots organization, as well as ongoing support from mission-driven institutions like non-profit champions and community development financial institutions in order to achieve success. While HFFI is designed to tackle the financing portion of the equation, a more robust policy design is needed to impact diet-related illness and food access inequities. Policy interventions that include funds and support for marketing campaigns, educational materials and financial incentives to purchase healthy food can help HFFI projects achieve maximum impact.



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